



Iowa Department of Human Services

INFORMATIONAL LETTER NO. 1967-MC-FFS

DATE: December 7, 2018

TO: Iowa Medicaid Hospitals

APPLIES TO: Managed Care (MC) and Fee-for-Service (FFS)

FROM: Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

RE: Implementation and Reprocessing of Inpatient Hospital Rebase and Diagnosis-Related Group (DRG) Weight Recalibration

EFFECTIVE: Upon Receipt

The Centers for Medicare and Medicaid Services (CMS) is in the review process for the State Plan Amendment (SPA) corresponding to the inpatient hospital rebase and recalibration effective October 1, 2018. The IME claims processing system is in the update process for the rebase amounts and DRG weights. Inpatient base rates, per diems, and DRG weights were sent to the Managed Care Organizations (MCOs) for use based on their contracts with providers. Critical Access Hospital base rates are not impacted by the rebase, however, there will be an impact due to the change in DRG grouper, DRG weights, and state-wide averages.

We are moving from MS-DRG Grouper Version 33.0 to Version 36.0. The updated diagnosis-related group (DRG) weight table is posted on the DHS web page.

Iowa hospitals that had provider-specific rates calculated were provided with the updated cost allocation workpapers, base rate amounts, per diem amounts and cost-to-charge ratios. Out-of-state hospitals that did not have a Fiscal Year (FY) 2017 Medicare and Medicaid cost report on file with the IME received the state-wide averages for hospitals not participating in the hospital health care access assessment program:

- Inpatient hospital base rate - \$6,035.24
- Inpatient hospital capital rate - \$404.88
- Inpatient hospital cost-to-charge ratio – 0.2973

The statewide average base rate amounts for a hospital participating in the hospital health care access assessment program is:

- Inpatient hospital base rate - \$7,259.23
- Inpatient hospital capital rate - \$470.25

Claims, will be reprocessed by the IME and MCOs as soon as possible following the update of the claims processing system based on the following criteria:

- CAH and acute hospital services: discharge date is on or after Oct. 1
- Physical rehabilitation and psychiatric hospital services: if the date of service is on or after Oct. 1.

If you have any questions, please contact IME Provider Cost Audit at 1-866-863-8610 or by email at costaudit@dhs.state.ia.us.